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TAGS: [PREL](#) [PGOV](#) [PARM](#) [KHDP](#) [EC](#) [PE](#)  
SUBJECT: PERU AND ECUADOR: GOOD VIBES AT 3RD BILAT  
MINISTERIAL

REF: LIMA 01350

Classified By: Ambassador P. Michael McKinley for  
reasons 1.4 (b) and (d).

11. (C) Summary: Presidents Alan Garcia and Rafael Correa presided jointly over the Third Binational Ministerial that concluded in Piura, Peru on October 22. According to press accounts and our MFA contacts, bilateral discussions were infused with good feelings and helped advance two of Peru's key foreign policy goals: (A) cementing bilateral ties with Ecuador - in part to offset the sour relations with Chile and Bolivia, and (B) enlisting support for Garcia's efforts to curb burgeoning arms expenditures in the region. Participants also reviewed commitments made at previous such meetings in Tumbes, Peru in 2007 and Machala, Ecuador in 2008 (reftel), including completion of the "Peace Bridge" and the "Spondylus" highway linking Guayaquil and Piura. This year, seven new agreements were signed to promote economic and social development along the common border. Among the most significant of these was to accelerate the long-delayed Puyango-Tumbes irrigation project and the demining of the sensitive one km sq. Ecuadorian battle monument of Tiwinza, located inside Peruvian territory. End Summary.

#### Background

12. (C) The Third Ecuador-Peru Binational Ministerial was held in Piura, Ecuador on October 21-22, roughly coinciding with the eleven-year anniversary of the 1998 Brasilia (Itamaraty) Peace Accord that ended decades of hostility between the two countries over a sizable swath of disputed territory (finally ceded to Peru). The United States, then one of the four Guarantor countries of the Peace Accord (the others being Argentina, Brazil and Chile), provided approximately \$40 million towards development projects along both sides of the border and about \$10 million for post-conflict humanitarian demining. Most of these US development projects have since been completed, but the greater (international public and private sector) investments envisioned at the time (of about \$1.5 billion for each country) did not happen, and the humanitarian demining has progressed slowly. (Note: During a GOP-sponsored visit to the shared border on October 26, Ecuador's Ambassador to Peru stated to Peruvian and international officials that Ecuador was "disappointed that the \$1.5 billion in international

cooperation had never materialized". He mused aloud that this was probably due to "more dramatic" needs elsewhere around the world, such as relief efforts for the tsunami that devastated parts of Indonesia's coast. End Note.)

#### Regional Peace and "Best Ever" Bilateral Relations

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¶3. (C) The Third Ecuador-Peru Binational Ministerial was capped by front page photos of the two smiling leaders in fraternal embrace, symbolizing the enormous political progress made since the formal cessation of hostilities over ten years ago and the excellent state of the current bilateral relationship today. Peace and development were the main themes underlying the discussions at the Piura event. Garcia was quoted as saying that, "We are advancing with the confidence of brothers with no reason to worry about what the other one might be doing." For his part, Correa said, "Peru and Ecuador are currently enjoying our best ever relations in history." Garcia emphasized his concerns about increased arms purchases in the region, and asserted that since the creation of the Union of South American Nations (UNASUR) five years ago, the region has spent some \$23 billion on new weapons purchases. He noted that that amount of money could have been used instead to lift 30 million South Americans out of poverty. Garcia warned that if the trend continued unchecked over the next five years, South American countries will spend another \$35 billion on new armaments -- which will mean that total defense expenditures for the region will reach \$200 billion.

¶4. (C) Correa remarked that "The permanent desire for integration by both countries has allowed us to place crucial

issues at the heart of the CAN (Andean Community of Nations) and UNASUR agenda... such as a shared vision of legislation for the protection of intellectual property, dedication to peace and a rejection of an arms build-up." He was also quoted as saying that investment in the border area in 2007-2008 (his years in office so far) was \$902,387,695 -- exceeding the \$718,597,883 invested in the previous eight year period (1998-2006.) Statistics for tourism and commercial activity along the coastal section of the border generally reflect the rosy assessments of both governments' officials. According to a local newspaper, 127,000 Ecuadorians traveled to Peru in 2008, while 150,000 Peruvians visited Ecuador. The increased visits are partly explained by eased travel restrictions, the newly-constructed "Spondylus Road" (EU financing) and improved border infrastructure. The seven recently-signed agreements relate mainly to taxes, culture, hydraulic resources, police cooperation, and new highways.

#### Demining at Tiwinza

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¶5. (C) Since last year's ministerial in Machala, Ecuador (where humanitarian demining topped the agenda), Peru has resumed its previously stalled demining operations in earnest, mostly with USG assistance. We understand neither Peru nor Ecuador has yet contributed their promised two million dollars in "seed money" to the special fund set up with the Andean Development Corporation (CAF) aimed at redoubling demining efforts. However, our MFA contacts said that at Piura both Garcia and Correa ordered that the funds be allocated as soon as possible. We also understand that Ecuador has committed an additional USD 500,000 to its annual demining budget, but its demining operations continue at a slow pace due to lack of funding. In addition, the Piura ministerial promised to target demining of the politically-sensitive one square kilometer Ecuadorian battle monument of Tiwinza located inside what is now Peruvian territory. MFA officials have told us that the creative formula used to solve the Tiwinza problem in 1998 (i.e., privately-owned government land inside another country's territory) could serve as a model for solving other disputes. (Note: In early October, Peru sent a survey team to Tiwinza to conduct an impact study. Emboffs later attended a special briefing which suggested that the site is heavily contaminated with landmines, booby traps, unexploded ordnance

and other explosive remnants of war. Mosat of the experts present opined that it will take a joint effort by both countries and international cooperation to get the job done. End Note.)

Comment: Ecuador is Peru's Top Priority

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¶6. (C) Several MFA and MOD officials have told us that the strengthening bilateral relations with Ecuador is Peru's "number one" foreign policy objective -- in part, as one official put it, "because we already have enough tensions in the south with Chile and Bolivia." The proposed "Salitre 2009" military exercise in Chile had caused considerable consternation in Peru until the exercise' scenario was changed (with our help behind the scenes and that of Embassy Santiago) to accommodate sensitivities here. Meanwhile, the personal animosity between President Alan Garcia and Bolivia's Evo Morales occasionally descends into name-calling. (Note: Some local observers speculate that Morales is encouraged by Chavez to keep Peru-Bolivia relations frosty. End Note.) Other MFA officials contend that Peru can also act as an important intermediary for helping to patch up the rocky relations between Ecuador and Colombia.

¶7. (C) Comment Continued: With respect to Garcia's regional peace proposals: our MFA contacts insist that they are genuine. Garcia first raised them at the September 15 UNASUR ministerial in Quito, via his letter to the FMs and MODs in which he outlined his visions for preventing an arms race in the region, reducing military expenditures, proposing a non-aggression pact and creating a regional defense force ("Fuerza de Paz"). Since then, the MFA has launched an international campaign to promote the President's

initiatives. A big question for Peru remains, however: is UNASUR's pro-tempore President Rafael Correa sincerely in support of Garcia's peace proposals, as seemed to be the case in Piura -- or do Garcia's proposals contravene too strongly the wishes of Venezuela's Hugo Chavez? End Comment.

MCKINLEY